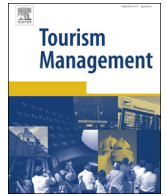




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# Tourism Management

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## Determinants of tourism ticket pricing for ancient villages and towns: Case studies from Jiangsu, Zhejiang, Shanghai and Anhui provinces<sup>☆</sup>

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### HIGHLIGHTS

- Discusses pricing policies in China's heritage and cultural villages.
- Provides examples of pricing policies.
- Identifies social, economic and political determinants of those pricing policies.

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### ABSTRACT

Tourism in ancient villages and towns represents a typical form of heritage tourism in rural China. It has always been regarded as an effective way to promote cultural heritage protection and rural community development. However, this type of tourism involves many stakeholders with different interests and demands, which sometimes results in conflicts. In the process of protecting against heritage and tourism exploitation, tourism in ancient villages and towns can face numerous challenges. Among these is the mode of ticket pricing, which directly relates to the interests of each stakeholder, and problems of competing demands that may become the focus of disputes. Through field research and inductive analysis of the ancient villages and towns in Jiangsu, Zhejiang, Shanghai and Anhui provinces, four kinds of ticket pricing is identified: (a) the fully enclosed charge mode with a single-ticket ticket system for whole scenic spots; (b) the half-closed charge mode with binding ticket system for some consumption items; (c) the half-opened charge mode with limited ticket system for some self-operated scenic spots; and (d) the fully opened charge mode with a free ticket system for the whole scenic spots.

By comparing the similarities and differences of typical ancient villages and towns that have adopted differing charge modes, we conclude that resource grade, local condition, tourism market factors (e.g., size, range), product orientation, business value, participation of residents and profit model are the potential influencing factors for these modes. Resource grade and regional condition are two objective factors. The remaining five factors are subjective and are connected with interests of the four main stakeholders: the tourists visiting the ancient villages and towns; external merchants; community residents; and companies that are responsible for tourism management.

From the four related stakeholders' behavioral responses to different ticket charge modes, we can see that the enclosed charges will affect tourists entering the ancient villages and towns, thus impeding foreign merchants' participation and strengthening each local company's dependence on tickets. Open charges will be more convenient in allowing visitors to enter the ancient towns and villages, and will attract foreign merchants to join in and thus increase cooperation with residents. The various stakeholders therefore have an influence on ticket charge mode, and the final choice about the mode is the result of balancing their competing rights and interests. The implications of each is discussed.

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### 1. Introduction

As a unique and irreplaceable heritage resource, ancient towns and villages have high tourism values being representative of the culture and history of rural China. However, challenges exist during

the development of such resources including environmental carrying capacity (Ruan & Shao, 1996; Xiong, Zhang, & Zhou, 2002), over-commercialization (Lu, Lu, & Xu, 2005; Peng, 2005; Li, Wu, & Tang, 2006; Song, 2010), unreasonable ticket fees (Xu, 2012), and an imbalanced allocation of revenues (Liang & Wang, 2005) and other assets and costs.

Hence a series of fundamental questions exist. For example, is it necessary to introduce and levy a ticket charge? For example, Huishan town never sold tickets prior to 20th, May, 2012, but from that date did so under the auspices of the Pricing Bureau of Wuxi city. The change arose as a result of some disagreements between tourists and businesses. Many thought this town had relatively little to offer tourists, which adversely affected expenditure from sightseeing. Consequently businesses in the town that were engaged in catering, tea and coffee rooms, and souvenir selling, felt the introduction of entrance charges would adversely impact on them, but provincial officials held to a view that the ticket fees would create revenue helpful for meeting the costs required for repair, maintenance and enhancement of Huishan.

A second question is how might the charges be levied? There are various ways of ticket pricing, such as the open-ended, unlimited year-tickets for local residents, ticket pricing for independent tourists following their own itinerary, and the menu ticket package for the tourists and travel agencies who can choose tours through a site. How to choose an appropriate way to balance the market demands and revenues remains controversial.

Another issue is the intent and consequences of introducing pricing. In China, the ticket revenue could alleviate the lack of development capital and aid the protection of tourism resources. On the other hand many scholars hold to the view ticketing may have adverse impacts by generating an over-dependence by sites on the ticket revenue rather than developing better services and product. Thus, questions of how to better develop policies of price making and extricate sites from a ticket economy remain pertinent.

The allocation of ticket revenue is certainly contentious in many rural communities. For example the history of villages such as Hongcun, Xidi and Wuyuan all demonstrate tension with local residents claiming they should have greater shares of the ticket revenue with less going to external corporates and other interests (Liang & Wang, 2005).

Despite these issues, which are well publicized in arenas of policy making, there has been little theoretical discussion as to how these issues might be approached. This paper seeks to make a contribution to the debate by comparing different modes of ticketing in Jiangsu, Zhejiang, Shanghai and Anhui, and by identifying the factors that influence these models, and analyzing the impacts from respective stakeholders' views.

## 2. A comparison of modes of ticketing

There are many distinctive ancient villages and towns in China, and seemingly in recent years, investors have seen these towns as tourism assets. Based on the statistics from the web of Chinese Guzhen Tourism (<http://www.guzhenu.com/>), it appears that over 200 ancient villages and towns have been developed with a further 1000 potential projects being listed. Most of these projects are clustered in Anhui, Zhejiang, Jiangsu, Shanxi, Jiangxi, Guangdong, Fujian, Yunnan, Hunan, Guangxi and Guizhou (Song, 2008). Reviewing their practices, there seem to be four typical ticketing mode, namely (a) fully enclosed ticketing, (b) the half closed approach, (c) the half open system with pricing for specific features, and (d) the fully open system. Each is examined in more detail below.

### 2.1. The fully enclosed charge mode with a single ticket system for all scenic spots

This mode isolates the scenic spot from the wider environment by walls and fences, and charges a ticket fee at a specified entry point. Entry to the village is therefore only by ticket. The ticket permits entry to all of the sights. Thus, the main revenue of the ancient villages and towns originates from the entry charge. This mode fully embodies the features of what is known as the "Ticket Economy" and Hongcun, Xidi, Wuyuan, Wuzhen, Nanxun, Zhouzhuang, Tongli all adopt this mode.

In many of these instances the villages and towns have high value as cultural and historic resources. For example, Xidi and Hongcun are UNESCO listed "World Cultural Heritage" sites, and Wuzhen and Zhouzhuang have similar status as AAAAA scenic areas. It is this status that attracts tourists and their spending to the villages and towns. Others possess good locations easily accessible to large numbers of domestic and international tourists. For example, the tourists to Wuzhen numbered 3,240,000 in 2009 and had increased to over 5,000,000 two years later, and Zhouzhuang attracted 5,920,000 visitors in 2010. Both are within the wider Shanghai catchment area.

On examining the classifications of expenditure in such villages, it is evident that sightseeing is very important. In Xidi and Hongcun for example, the three main categories of expenditures are transportation (46.5%), ticket charges (36%) and catering (31.5%), that is the core product accounts for most of the spending and there is limited spending on shopping and entertainment (Cheng, 2007). In Zhouzhuang little importance has been attached to developing an entertainment infrastructure or commercial services (Yin & Su, 2005), and it retains a traditional layout primarily dependent for its revenue on the entry ticket price.

Equally the participation of local village residents differ one from each other. Xidi provides the example of a village collective enterprise, in which the local residents comprise 65% of the staff. Hongcun on the other hand is managed by an investment company and Wuzhen is operated by several share-holding corporations, and few residents take part in the local tourism development other than as employees of the management company. Generally residents in these villages and towns engage in small start-up businesses such as selling souvenirs or the provision of catering in their homes, generally because of limited financial and social capital. The extra share derived from the ticket revenue is also often quite small as, for example, in Hongcun the Jingqian Corporation allocates only 8% of revenue to the residents.

### 2.2. The "half closed" charge mode with packages and free entry

There are some similarities between this option and the first in that tourists generally pay to enter a site but may be exempted if certain packages are purchased such as overnight stays or specific catering arrangements have been made. It is a mode of charging based on paying to see the sights or alternatively generating reasons to develop packaged options and the development of supplementary tourism services.

One such example is Ming Yuewan, a village located in the south of Xishan island in Tai Lake. It is served by a public bus service, can be accessed by road and is easily accessible from the neighboring cities of Suzhou, Wuxi and Shanghai. In particular it attracts family and sightseeing groups at the weekends. Although of relatively little historical and cultural value, its location and attractive natural environment has helped it to develop beyond simply being a site of sightseeing into a base for leisure holidays. The management is in the hands of the Xishan Tourism Corporation which operates under local government auspices. In order to attract more tourists,

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